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CITY OF GREAT FALLS

GREAT FALLS, MONTANA

FINANCIAL AND COMPLIANCE AUDIT REPORT

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

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CITY OF GREAT FALLS

GREAT FALLS, MONTANA

FINANCIAL AND COMPLIANCE AUDIT REPORT

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

AUDIT ORGANIZATION

McGLADREY HENDRICKSON & CO.

BILLINGS, MONTANA



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# McGladrey Hendrickson & Co.

CERTIFIED PUBLIC ACCOUNTANTS



To the Legislative Audit Committee  
Montana State Legislature  
Helena, Montana

## SUMMARY

We have examined the Schedules listed in the foregoing table of contents which summarize reported financial results and cash position of the subgrants awarded by the State of Montana, Department of Labor and Industry, Governor's Employment and Training Council to the City of Great Falls, Montana, as follows:

| <u>Grant Number</u>            | <u>Prime<br/>Sponsor<br/>Subgrant<br/>Number</u> | <u>CETA<br/>Title</u> | <u>Contract Period</u> | <u>Audit Period</u> |
|--------------------------------|--------------------------------------------------|-----------------------|------------------------|---------------------|
| 30-5-054-21                    | 9204                                             | II                    | 10/01/78 - 03/31/79    | 10/01/78 - 03/31/79 |
| 30-9-210-21 and<br>30-9-210-05 | 9210                                             | II D                  | 04/01/79 - 09/30/79    | 04/01/79 - 09/30/79 |
| 30-9-210-21 and<br>30-9-210-05 | 9216                                             | II D                  | 03/15/79 - 09/30/79    | 03/15/79 - 09/30/79 |
| 30-5-066-60                    | 9254                                             | VI                    | 10/01/78 - 09/30/79    | 10/01/78 - 09/30/79 |
| 30-5-066-60                    | 9260                                             | VI                    | 10/01/78 - 09/30/79    | 10/01/78 - 09/30/79 |

The audit disclosed:

- The Subgrantee does not have written procedures for maintaining and reviewing its CETA workpaper system.
- Necessary reconciliations were not performed between the CETA workpapers and the Subgrantee's accounting system.
- Some cash receipts from the Prime Sponsor were entered directly to the general fund.
- The Subgrantee does not maintain adequate control over contractor advances.
- The Subgrantee did not take all the indirect administrative costs as authorized.
- Closeout reports to the Prime Sponsor were not prepared on an accrual basis.





- The Subgrantee did not have a client tracking system which complied with CETA regulations.
- The Subgrantee does not perform required participant eligibility reviews.
- There is an apparent duplication of intake procedures with the local Job Service office.
- Two contractors did not have documentation supporting CETA expenditures.
- Subgrantee policy does not provide for proper segregation of duties and certification for all payroll functions.
- The Subgrantee does not provide adequate identification of contracts.
- Positions are not always identified on contractor's expenditure reports.

Exhibits I through IV list \$9,576 of questionable expenditures disclosed by the audit. The determination as to whether the costs will be allowable or unallowable under the subgrant will be made by the State of Montana, Department of Labor and Industry, Governor's Employment and Training Council. Exhibits I through IV were not prepared for purposes of statistical projection.

#### SCOPE OF AUDIT

This report covers our examination of the financial results of program operations of the Subgrantee for the subgrants and the periods referred to in the preceding Summary.

Our examination was made in accordance with instructions contained in the CETA Financial and Compliance Audit Guide and provisions of the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions", promulgated by the Comptroller General, which pertain to financial and compliance audits.

Our examination included such tests of the accounting and program records and such other auditing procedures as we considered necessary in the circumstances.

The aforementioned Schedules are required to be prepared in accordance with the Standards for Grantee Financial Management Systems (Federal Management Circular 74-7, Attachment G) in conformity with the CETA Regulations; therefore, they are not intended to present either the financial results of operations or financial position in conformity with generally accepted accounting principles.

Statistical sampling is the preferred method of selecting a sample. Accordingly, in any area where the volume of transactions and record locations would permit, we have used statistical sampling for purposes of determining the audit sample size, selecting the sample items and evaluating the results for the periods examined. Our tests were designed on an attribute sampling basis, based on an expected rate of occurrence of 3% and a confidence level of 90%.



## BACKGROUND

Our audit consisted of an examination of the financial and program records related to CETA programs operated by the Subgrantee.

The objectives of the audit were to determine whether the financial operations were properly conducted and documented, whether the Schedules were fairly presented and whether the Subgrantee complied with applicable laws and regulations. Our examination did not include a review of economy and efficiency or a review to determine whether desired results or benefits were achieved.

The audit was made by arrangement with the Prime Sponsor, State of Montana, Department of Labor and Industry, Governor's Employment and Training Council, to provide audits required by the United States Department of Labor and to provide the Prime Sponsor with information about the Subgrantee. The audit covered the period October 1, 1978 to September 30, 1979.

The Subgrantee examined in this audit was the City of Great Falls. The audit covered all subgrants between the Prime Sponsor and the Subgrantee operated during the applicable periods.

We reviewed the findings and recommendations of the prior audit of the Subgrantee for subgrants ending during the period October 1, 1977 to September 30, 1978. We found all recommendations had been fully implemented, partially implemented or not implemented due to disagreement with the finding. We specifically reviewed those items either partially or not implemented and to the extent they were still applicable, included the findings in our recommendations.

## OPINION

Exhibits I through IV list \$9,576 of questioned costs disclosed by our audit sampling of the Subgrantee's subgrant records for the periods referred to in the preceding Summary. The determination as to whether such costs will be allowable or unallowable under the subgrant agreement will be made by the State of Montana, Department of Labor and Industry, Governor's Employment and Training Council.

In our opinion, subject to any effects of the ultimate resolution of questioned costs, the Schedules listed in the foregoing table of contents present fairly, for the dates and periods indicated on the Schedules, the financial results of operations and CETA cash position of the subgrants awarded to the City of Great Falls in accordance with the Standards for Grantee Financial Management Systems (Federal Management Circular, Attachment G) and in conformity with the CETA regulations; and Exhibits I through IV present fairly the costs questioned as a result of our audit.

## FINDINGS AND RECOMMENDATIONS

### Accounting System

The Subgrantee's computerized accounting system is not adequate for the preparation of reports by CETA cost categories. Consequently, the Personnel Office maintains a set of workpapers for preparing financial reports submitted to the Prime Sponsor. During the program year under audit, the workpapers were somewhat disorganized and not always completely accurate. Some



of the workpapers were not totaled properly, some adjustments were not evident or properly documented, and for three of the subgrants, the workpapers were not updated to support expenditures reported on the closeout reports. The workpaper system should be reviewed periodically for content and accuracy. In addition, turnover of key personnel can bring a temporary halt to the maintenance of the workpapers, making it difficult to prepare required reports on time. Since employee turnover cannot always be anticipated, the Subgrantee should establish written procedures for maintaining the workpaper system so that another employee can maintain that system if necessary.

#### Recommendation

Establish written procedures for the maintenance and review of the workpaper system from which CETA reports are prepared.

#### Reconciliations

There is no evidence that the CETA workpapers were reconciled to the monthly computer system printouts for the CETA funds. Although some of the individual accounts were reconciled, total expenditures and cash on hand did not agree with the computer printouts and there was no documentation detailing the differences. Since most of the internal controls in effect apply to the Subgrantee's computerized accounting system, it is important that the workpapers maintained by the Personnel Office are reconciled with that system. The performance of these reconciliations will necessarily require increased coordination with the Finance Department in making adjustments to the Subgrantee's accounting system.

#### Recommendation

Reconcile the CETA workpapers to the monthly printouts for the CETA funds and make necessary adjustments to both systems.

#### Cash Receipts

Several receipts from the Prime Sponsor were entered directly in the general fund rather than the appropriate CETA fund. This practice lessens internal control for receipts and creates an additional reconciling item between the CETA workpapers and the Subgrantee's system. By making the initial deposit to the appropriate CETA fund and making monthly transfers from the CETA fund for administrative costs, the cash balances in the funds will give a better representation of the actual CETA cash on hand.

#### Recommendation

Make initial entries for CETA receipts to the appropriate CETA fund and then make adjustments each month for administrative costs.

#### Contractor Advances

Most contractors indicated that the contract had not yet been closed out and that they either owed the Subgrantee or the Subgrantee owed them cash to close out the contract. This was more than five months after the end of the program year. The Subgrantee does maintain some control over advances on individual contractor worksheets. However, at the closeout date, there was





no ledger account indicating total outstanding advances by subgrant. Because the Subgrantee's computerized system does not reflect outstanding contractor advances, recording these totals is necessary for performing reconciliations between the two systems. The Subgrantee's computer system should be altered to reflect outstanding advances in an asset account. If that is not possible, a manual account for outstanding advances must be maintained. The City should also close out their contracts as soon as possible after the program year end so outstanding advances can be collected.

#### Recommendation

Maintain control over outstanding advances to contractors through use of a ledger account and close out contracts as soon as possible after year end to provide for timely collection of outstanding advances.

#### Indirect Costs

For recovering administrative costs, the Subgrantee had an approved indirect cost rate of 12% of participants' wages and fringe benefits. The Subgrantee did not include all the indirect costs that could have been received. For subgrant No. 9204, indirect costs taken amounted to 10.8% of participant wages and fringe benefits. For subgrant Nos. 9210, 9216, 9254, and 9260 the Subgrantee did not include participant's wage and fringe benefits comprising the major portion of training costs. If the Subgrantee had applied the approved rate for subgrant No. 9204 and included all participant wage and fringe benefits in computing indirect cost for the other four subgrants, it could have claimed additional indirect administrative costs as follows:

| <u>Subgrant No.</u> | <u>Additional Indirect Cost</u> |
|---------------------|---------------------------------|
| 9204                | \$ 1,479                        |
| 9210                | 1,097                           |
| 9216                | 96                              |
| 9254                | 524                             |
| 9260                | <u>909</u>                      |
| Total               | <u>\$ 4,105</u>                 |

The person preparing the closeout reports to the Prime Sponsor was unaware that the wages and fringe benefits in the training cost category could be included in the computation of indirect cost. More importantly, there is no indication that the closeout reports were reviewed by supervisors prior to their submission. Such a review might have detected these omissions and other discrepancies disclosed during the audit.

#### Recommendation

A qualified supervisor should review closeout reports prior to submitting them to the Prime Sponsor.





### Accrual Basis of Accounting

Except for subgrant No. 9204, the closeout reports submitted to the Prime Sponsor did not segregate cash disbursed from total accrued expenditures as of the ending date of the subgrants. CETA regulations require that closeout reports be prepared on an accrual basis current as of the ending date of the program. Because of some of the situations previously described, it was not practical to determine the actual cash disbursements and cash balances as of September 30, 1979. Accordingly, Schedules A-2 through A-5 were prepared as of the date the closeout reports were submitted, December 28, 1979.

#### Recommendation

Prepare closeout reports on an accrual basis current as of the ending date of the subgrant.

### Client Tracking System

The Subgrantee did not have an adequate client tracking system for current and terminated CETA participants as required by CETA regulations. For several participants, intake and termination documents could not be located within a reasonable period of time. For two participants the CETA applications could not be located at all. However, it was possible to determine their eligibility from non-CETA documentation. For many participants, termination forms were either not prepared or were prepared several months after the date of termination. In addition, a provision in each subgrant agreement requires that a follow-up review be performed thirty days after a participant terminates. This was not done, and would have been difficult given the inadequate tracking system.

#### Recommendation

Establish and maintain a client tracking system in accordance with CETA regulations and prepare termination and follow-up reports on a timely basis.

### Eligibility Review

The Subgrantee does not perform all the procedures required of a program operator responsible for eligibility determination. CETA regulations require that all CETA applications be reviewed by someone other than the interviewer within thirty days of a participant's enrollment in the program. There was no documentation that this procedure was performed.

#### Recommendation

Perform and document the thirty day review of applications as required by CETA regulations.



### Participant Intake Responsibility

During the program year under audit, the local Job Service office performed certain intake procedures on some CETA participants and referred such participants to the Subgrantee. Duplication of effort can be avoided by delegating the responsibility for the eligibility of participants in a written agreement with the local Job Service office.

#### Recommendation

Clarify responsibilities for eligibility determination in a written agreement with the local Job Service office.

### Contractor Expenditures

One contractor was submitting amounts for worker's compensation coverage at rates that did not agree with the contractor's insurance policy statements. Another contractor did not have adequate documentation to support amounts submitted for health insurance.

#### Recommendation

Monitor contractors to be certain the required documentation for CETA expenditures is retained and review that documentation during monitoring visits.

### REVIEW OF INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

As part of our examination, we made a study of the systems of internal accounting and administrative control to the extent we considered necessary to evaluate the systems as required by the CETA Audit Guide.

The objective of internal accounting and administrative control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting and administrative control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with procedures may deteriorate.



Our study and evaluation of the systems of internal accounting and administrative control for the periods referred to in the preceding Summary would not necessarily disclose all weaknesses in the system; however, in our opinion, the internal accounting and administrative control procedures are in general agreement with procedures prescribed by Federal Regulations and the Department of Labor CETA guidelines which have been determined to be adequate for accountability of assets and compliance with regulations except as follows:

#### Payroll

Subgrantee policy does not require employees to certify their time sheets. The department heads certify the time sheets and submit them to the Finance Office for processing. In some cases, the department head also distributes the paychecks to the employees. Internal control could be strengthened by having employees sign their time sheets and by having someone other than the department head distribute paychecks.

#### Recommendation

Have employees certify their time reports and segregate duties for the certification and check distribution functions.

#### Contract Identification

The Subgrantee identifies its contractors by name and CETA title. There are several contractors that have more than one contract with the program. This could lead to misposting of expenditure reports to the accounting records. A better means of identification would be to assign each contract a distinct number which the contractor should include on each expenditure report and cash requisition.

#### Recommendation

Assign a distinct identification number to each contract written and require that each contractor use that number when submitting reports.

#### Position Identification

Most contractors listed only the participant's name and gross salary on their expenditure reports. As a result, it was difficult to trace to the contracts job titles and pay rates. This was particularly true for larger contracts because the contracts did not list individual positions. Controls could be increased over positions and pay rates by assigning a number to each position being funded.

#### Recommendation

Assign a slot number for each position being funded under a contract and require that contractors include those numbers on their reports.



EXIT CONFERENCE

An exit conference was held at Helena, Montana on August 4, 1980. Those in attendance were:

Subgrantee:

Kyle Olson, Assistant to City Manager  
Barbara Pierce, Fiscal Coordinator

Prime Sponsor:

T. Gary Curtis, Administrator  
D. Schreder, P.S.E. Bureau Chief  
Florine Smith, Fiscal Bureau Chief  
Cheryl Leppink, Fiscal Manager

Auditors:

Richard Burris, Manager  
Norm Kolpin, Staff  
William Erickson, Staff

Audit findings and recommendations were discussed. General agreement was reached as to the need for change.

This report is intended for use in connection with the administration of CETA grants to which it refers and should not be used for any other purposes.

*Mc Gloskey Hendrickson & Co.*

Billings, Montana

March 28, 1980





CITY OF GREAT FALLSSUMMARY STATEMENT OF ACCRUED EXPENDITURESFROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>T I T L E</u>  |                                 |                   |                                 |                     |                                 | <u>T O T A L</u>    |                                 |
|----------------------|-------------------|---------------------------------|-------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
|                      | <u>11</u>         |                                 | <u>11 0</u>       |                                 | <u>V I</u>          |                                 |                     |                                 |
|                      | <u>Budget</u>     | <u>Accrued<br/>Expenditures</u> | <u>Budget</u>     | <u>Accrued<br/>Expenditures</u> | <u>Budget</u>       | <u>Accrued<br/>Expenditures</u> | <u>Budget</u>       | <u>Accrued<br/>Expenditures</u> |
| Administration       | \$ 27,043         | \$ 12,413                       | \$ 48,323         | \$ 28,248                       | \$ 103,119          | \$ 73,494                       | \$ 178,485          | \$ 114,155                      |
| Wages                | 389,422           | 98,139                          | 342,761           | 210,884                         | 737,193             | 551,611                         | 1,469,376           | 860,634                         |
| Fringe benefits      | 54,086            | 16,847                          | 40,177            | 24,517                          | 90,155              | 60,839                          | 184,418             | 102,203                         |
| Training             | 54,086            | 780                             | 48,323            | 17,198                          | 72,964              | 21,675                          | 175,373             | 39,653                          |
| Services             | 16,226            | -                               | 3,648             | 1,696                           | 27,759              | 2,051                           | 47,633              | 3,747                           |
| Totals               | <u>\$ 540,863</u> | <u>\$ 128,179</u>               | <u>\$ 483,232</u> | <u>\$ 282,543</u>               | <u>\$ 1,031,190</u> | <u>\$ 709,670</u>               | <u>\$ 2,055,285</u> | <u>\$ 1,120,392</u>             |



## CITY OF GREAT FALLS

## SUMMARY STATEMENT OF ACCRUED EXPENDITURES BY PROGRAM ACTIVITY

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| PROGRAM ACTIVITY | T I T L E         |                         |                   |                         |                     |                         | T O T A L           |                         |
|------------------|-------------------|-------------------------|-------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
|                  | II                |                         | II O              |                         | VI                  |                         | Budget              | Accrued<br>Expenditures |
|                  | Budget            | Accrued<br>Expenditures | Budget            | Accrued<br>Expenditures | Budget              | Accrued<br>Expenditures |                     |                         |
| PSE - Wages      | \$ 389,422        | \$ 98,139               | \$ 342,761        | \$ 210,884              | \$ 737,193          | \$ 551,611              | \$ 1,469,376        | \$ 860,634              |
| Fringe benefits  | 54,086            | 16,847                  | 40,177            | 24,517                  | 90,155              | 60,839                  | 184,418             | 102,203                 |
| Other            | 97,355            | 13,193                  | 100,294           | 47,142                  | 203,842             | 97,220                  | 401,491             | 157,555                 |
| Totals           | <u>\$ 540,863</u> | <u>\$ 128,179</u>       | <u>\$ 483,232</u> | <u>\$ 282,543</u>       | <u>\$ 1,031,190</u> | <u>\$ 709,670</u>       | <u>\$ 2,055,285</u> | <u>\$ 1,120,392</u>     |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9204, TITLE II

STATUS OF FEDERAL CASH

FROM OCTOBER 1, 1978 TO MARCH 31, 1979

|                                         |                           |
|-----------------------------------------|---------------------------|
| CASH ON HAND, October 1, 1978           | \$ -                      |
| INCREASES-                              |                           |
| Federal cash received                   | 101,154                   |
| DECREASES-                              |                           |
| Gross disbursements                     | <u>122,761</u>            |
| CASH (DEFICIT), March 31, 1979 (Note 2) | <u><u>\$ (21,607)</u></u> |



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9204, TITLE II

PUBLIC SERVICE EMPLOYMENT

STATEMENT OF ACCRUED EXPENDITURES

FROM OCTOBER 1, 1978 TO MARCH 31, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Subgrant<br/>Budget</u> | <u>Total<br/>Accrued<br/>Expendi-<br/>tures</u> |
|----------------------|--------------------------------------|-------------------------------------------------|
| Administration       | \$ 27,043                            | \$ 12,413                                       |
| Wages                | 389,422                              | 98,139                                          |
| Fringe benefits      | 54,086                               | 16,847                                          |
| Training             | 54,086                               | 780                                             |
| Services             | <u>16,226</u>                        | <u>-</u>                                        |
| Totals               | <u>\$ 540,863</u>                    | <u>\$ 128,179</u>                               |

See Notes to Schedules and Exhibits.





CITY OF GREAT FALLS

CETA SUBGRANT NO. 9204, TITLE II

SUMMARY SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO MARCH 31, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Amount<br/>Questioned</u> | <u>Supporting<br/>Exhibit</u> |
|----------------------|----------------------------------------|-------------------------------|
| Administration       | \$ 382                                 | I-A                           |
| Wages                | 325                                    | I-A                           |
| Fringe benefits      | <u>3,211</u>                           | I-A                           |
| Total                | <u>\$ 3,918</u>                        |                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9204, TITLE II

DETAILED SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO MARCH 31, 1979

1. Included in participant wages was a \$325 allocation of the CETA Coordinator's December, 1978 salary. In addition to being a misclassification, this cost represents a double charge to CETA because the City recovers its administrative costs through the use of an indirect cost rate. The \$325 of administrative salary charged directly to CETA is questioned.
2. The fringe benefit cost category includes a \$2,461 overaccrual for FICA and \$750 overaccrual for Worker's Compensation. Both amounts were accrued based on the January through March 1979 earnings of CETA participants employed by the City. However, the City's payroll system had already accrued FICA each pay period during the quarter and the actual entry for Worker's Compensation for that quarter was a credit of \$166 which was applied to subgrant No. 9210. The accruals were never paid because they were not due, and the \$3,211 charged to CETA is questioned.
3. The City claimed indirect administration costs at a rate of 10.8% of wages and fringe benefits for this subgrant. Consequently, \$382 in indirect administration costs related to the above costs is questioned.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9210, TITLE II D

STATUS OF FEDERAL CASH

FROM APRIL 1, 1979 TO SEPTEMBER 30, 1979

(Including Transactions to the Date of Closeout, December 28, 1979)

|                                  |                        |
|----------------------------------|------------------------|
| CASH ON HAND, April 1, 1979      | \$ -                   |
| INCREASES-                       |                        |
| Federal cash received            | 220,900                |
| DECREASES-                       |                        |
| Gross disbursements              | <u>219,711</u>         |
| CASH ON HAND, September 30, 1979 | <u><u>\$ 1,189</u></u> |



CITY OF GREAT FALLS  
CETA SUBGRANT NO. 9210, TITLE II D  
PUBLIC SERVICE EMPLOYMENT  
  
STATEMENT OF ACCRUED EXPENDITURES  
FROM APRIL 1, 1979 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Subgrant<br/>Budget</u> | <u>Total<br/>Accrued<br/>Expendi-<br/>tures</u> |
|----------------------|--------------------------------------|-------------------------------------------------|
| Administration       | \$ 39,054                            | \$ 21,692                                       |
| Wages                | 277,808                              | 162,247                                         |
| Fringe benefits      | 32,236                               | -18,519                                         |
| Training             | 39,054                               | 16,000                                          |
| Services             | <u>2,386</u>                         | <u>1,252</u>                                    |
| Totals               | <u>\$ 390,538</u>                    | <u>\$ 219,710</u>                               |





CITY OF GREAT FALLS

CETA SUBGRANT NO. 9210, TITLE II D

SUMMARY SCHEDULE OF QUESTIONED COSTS

FROM APRIL 1, 1979 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Amount<br/>Questioned</u> | <u>Supporting<br/>Exhibit</u> |
|----------------------|----------------------------------------|-------------------------------|
| Administration       | \$ 51                                  | II-A                          |
| Fringe benefits      | <u>427</u>                             | II-A                          |
| Total                | <u>\$ 478</u>                          |                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9210, TITLE II D

DETAILED SCHEDULE OF QUESTIONED COSTS

FROM APRIL 1, 1979 TO SEPTEMBER 30, 1979

The closeout report submitted to the Prime Sponsor did not agree to the workpapers maintained during the program year. During the audit, subgrantee personnel reconstructed the workpapers and were able to substantiate all of the expenditures claimed but \$427 in fringe benefits. The \$427 which could not be supported and the corresponding 12% indirect administration costs of \$51 are questioned.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9216, TITLE II D

STATUS OF FEDERAL CASH

FROM MARCH 15, 1979 TO SEPTEMBER 30, 1979

(Including Transactions to the Date of Closeout, December 28, 1979)

|                                             |                   |
|---------------------------------------------|-------------------|
| CASH ON HAND, March 15, 1979                | \$ -              |
| INCREASES-                                  |                   |
| Federal cash received                       | 58,400            |
| DECREASES-                                  |                   |
| Gross disbursements                         | <u>62,833</u>     |
| CASH (DEFICIT), September 30, 1979 (Note 2) | <u>\$ (4,433)</u> |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9216, TITLE II D

PUBLIC SERVICE EMPLOYMENT

STATEMENT OF ACCRUED EXPENDITURES

FROM MARCH 15, 1979 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Subgrant<br/>Budget</u> | <u>Total<br/>Accrued<br/>Expendi-<br/>tures</u> |
|----------------------|--------------------------------------|-------------------------------------------------|
| Administration       | \$ 9,269                             | \$ 6,556                                        |
| Wages                | 64,953                               | 48,637                                          |
| Fringe benefits      | 7,941                                | 5,998                                           |
| Training             | 9,269                                | 1,198                                           |
| Services             | <u>1,262</u>                         | <u>444</u>                                      |
| Totals               | <u>\$ 92,694</u>                     | <u>\$ 62,833</u>                                |

See Notes to Schedules and Exhibits.





CITY OF GREAT FALLS  
CETA SUBGRANT NO. 9254, TITLE VI

STATUS OF FEDERAL CASH  
FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979  
(Including Transactions to the Date of Closeout, December 28, 1979)

|                                  |                         |
|----------------------------------|-------------------------|
| CASH ON HAND, October 1, 1978    | \$ -                    |
| INCREASES-                       |                         |
| Federal cash received            | 328,312                 |
| DECREASES-                       |                         |
| Gross disbursements              | <u>289,622</u>          |
| CASH ON HAND, September 30, 1979 | <u><u>\$ 38,690</u></u> |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9254, TITLE VI

PUBLIC SERVICE EMPLOYMENT

STATEMENT OF ACCRUED EXPENDITURES

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Subgrant<br/>Budget</u> | <u>Total<br/>Accrued<br/>Expendi-<br/>tures</u> |
|----------------------|--------------------------------------|-------------------------------------------------|
| Administration       | \$ 41,317                            | \$ 30,298                                       |
| Wages                | 290,461                              | 224,080                                         |
| Fringe benefits      | 36,940                               | 28,398                                          |
| Training             | 29,957                               | 6,846                                           |
| Services             | <u>14,498</u>                        | <u>-</u>                                        |
| Totals               | <u>\$ 413,173</u>                    | <u>\$ 289,622</u>                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9254, TITLE VI

SUMMARY SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Amount<br/>Questioned</u> | <u>Supporting<br/>Exhibit</u> |
|----------------------|----------------------------------------|-------------------------------|
| Administration       | \$ 162                                 | III-A                         |
| Wages                | 348                                    | III-A                         |
| Fringe benefits      | <u>998</u>                             | III-A                         |
| Total                | <u>\$ 1,508</u>                        |                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9254, TITLE VI

DETAILED SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

The closeout report submitted to the Prime Sponsor did not agree to the workpapers maintained during the program year. During the audit, subgrantee personnel reconstructed the workpapers and were able to substantiate all of the expenditures claimed except \$348 in participant wages and \$998 in fringe benefits. The \$1,346 which could not be supported and the corresponding 12% indirect administration costs of \$162 are questioned.





CITY OF GREAT FALLS

CETA SUBGRANT NO. 9260, TITLE VI

STATUS OF FEDERAL CASH

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

(Including Transactions to the Date of Closeout, December 28, 1979)

|                                  |                         |
|----------------------------------|-------------------------|
| CASH ON HAND, October 1, 1978    | \$ -                    |
| INCREASES-                       |                         |
| Federal cash received            | 439,853                 |
| DECREASES-                       |                         |
| Gross disbursements              | <u>420,048</u>          |
| CASH ON HAND, September 30, 1979 | <u><u>\$ 19,805</u></u> |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS  
CETA SUBGRANT NO. 9260, TITLE VI  
PUBLIC SERVICE EMPLOYMENT  
STATEMENT OF ACCRUED EXPENDITURES  
FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Subgrant<br/>Budget</u> | <u>Total<br/>Accrued<br/>Expendi-<br/>tures</u> |
|----------------------|--------------------------------------|-------------------------------------------------|
| Administration       | \$ 61,802                            | \$ 43,196                                       |
| Wages                | 446,732                              | 327,531                                         |
| Fringe benefits      | 53,215                               | 32,441                                          |
| Training             | 43,007                               | 14,829                                          |
| Services             | <u>13,261</u>                        | <u>2,051</u>                                    |
| Totals               | <u>\$ 618,017</u>                    | <u>\$ 420,048</u>                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9260, TITLE VI

SUMMARY SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

| <u>COST CATEGORY</u> | <u>Total<br/>Amount<br/>Questioned</u> | <u>Supporting<br/>Exhibit</u> |
|----------------------|----------------------------------------|-------------------------------|
| Administration       | \$ 394                                 | IV-A                          |
| Wages                | 1,955                                  | IV-A                          |
| Fringe benefits      | <u>1,323</u>                           | IV-A                          |
| Total                | <u>\$ 3,672</u>                        |                               |

See Notes to Schedules and Exhibits.



CITY OF GREAT FALLS

CETA SUBGRANT NO. 9260, TITLE VI

DETAILED SCHEDULE OF QUESTIONED COSTS

FROM OCTOBER 1, 1978 TO SEPTEMBER 30, 1979

1. The closeout report submitted to the Prime Sponsor did not agree to the workpapers maintained during the program year. During the audit, subgrantee personnel reconstructed the workpapers and were able to substantiate all of the expenditures claimed except \$1,955 in participant wages and \$193 in fringe benefits. The \$2,148 which could not be supported and the corresponding 12% indirect administration costs of \$258 are questioned.
2. A contractor was being reimbursed for Worker's Compensation at a rate of 2.1% of gross wages. The actual rates were 1.3% prior to April 1, 1979 and 1.06% after that date. The Contractor was therefore overreimbursed \$271 for one contract and \$745 for another contract. The \$1,016 overcharge in fringe benefits and the corresponding 12% indirect administration costs of \$122 are questioned.
3. A Contractor did not have documentation to adequately support amounts claimed for health insurance. The Contractor did not have a record of who was covered under the plan so it is not possible to determine whether the \$114 charged to CETA was appropriate. The \$114 fringe benefits and the corresponding 12% indirect administration costs of \$14 are questioned.





## NOTES TO SCHEDULES AND EXHIBITS

### 1. SIGNIFICANT ACCOUNTING POLICIES AND PROGRAM INCOME:

The Schedules have been prepared in accordance with instructions contained in Standards For Grantee Financial Management Systems (Federal Management Circular 74-7, Attachment G) and in conformity with CETA Regulations. In accordance with these instructions, federal funds received are recognized when cash is received. Expenditures are recognized when incurred. This basis of accounting is not in accordance with generally accepted accounting principles.

No program income was received by any of the subgrant programs during the period covered by these Schedules.

### 2. CASH DEFICITS:

Subgrants 9204 and 9216 had cash deficits as of the dates indicated on Schedules A-1 and A-3 respectively. These deficits resulted from insufficient cash drawings near the end of the subgrant periods, and were being covered temporarily by cash in the subgrantee's other programs.

### 3. ADMINISTRATIVE COST POOL:

On April 1, 1979, the Prime Sponsor entered into an Administrative Cost Pool grant with the U.S. Department of Labor. Administrative costs subsequently incurred by subgrantees were funded from the Administrative Cost Pool. The Prime Sponsor did not require subgrantees to separately report administrative costs funded from the Administrative Cost Pool. Administrative costs funded from the Administrative Cost Pool for Title II D were \$28,248.



## A P P E N D I X

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DEPARTMENT OF LABOR AND INDUSTRY  
EMPLOYMENT AND TRAINING DIVISION



THOMAS L. JUDGE, GOVERNOR

STATE OF

STATE OF MONTANA

(406) 449-5600

HELENA, MONTANA

September 22, 1980

Matt Hims1, Chairperson  
Legislative Audit Committee  
Montana State Legislature  
Office of Legislative Auditor  
State Capitol  
Helena, MT 59601

Dear Mr. Hims1:

Enclosed is the draft Audit Report which we have accepted for the City of Great Falls for CETA Fiscal Year 1979 Subgrants:

|        |                                      |
|--------|--------------------------------------|
| 9204 - | Title II, Public Service Employment  |
| 9210 - | Title IID, Public Service Employment |
| 9216 - | Title IID, Public Service Employment |
| 9254 - | Title VI, Public Service Employment  |
| 9260 - | Title VI, Public Service Employment  |

This audit was conducted by McGladrey, Hendrickson & Co., CPA's, under contract with the Employment and Training Division, Department of Labor and Industry. The comments and recommendations contained in this report represent the views of the auditing firm.

Upon your review of this audit report, we will begin a 120 day resolution process with the subgrantee as follows:

1. A copy of the final audit report will be sent to the subgrantee for a thirty (30) day comment period. All findings and recommendations are to be addressed by the subgrantee in their response.
2. The Employment and Training Division will issue a written initial determination which will include a notice giving the subgrantee the opportunity for informal resolution.
3. The subgrantee must request an opportunity for informal resolution within ten (10) days in writing. Following the meeting of all appropriate parties, the Employment and Training Division will notify the subgrantee in writing of the nature of the resolution, if all matters have been informally resolved.

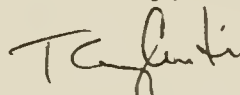


Matt Hims1  
September 22, 1980  
Page Two

4. The Employment and Training Division will issue a final determination no later than 120 days after the audit report has become final. The final determination will include those matters which were not informally resolved, corrective actions which will be necessary, and inform the subgrantee of the opportunity to request a hearing. Within thirty (30) days of the receipt of the final determination, the subgrantee must submit in writing a request for hearing to the Employment and Training Division.

The Employment and Training Division will attempt to recover all funds which were not expended in accordance with CETA law and regulations. We will also follow-up on any corrective actions necessary for the subgrantee.

Sincerely,



T. GARY CURTIS  
Administrator

Enclosure

F2/A







